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TAGS: [PREL](#) [PGOV](#) [PTER](#) [NP](#)
SUBJECT: SUGGESTED NEXT STEPS IN U.S.-NEPALI BILATERAL
RELATIONSHIP

REF: A. KATHMANDU 77

[1](#)B. KATHMANDU 107
[1](#)C. WHITE HOUSE 130153Z DEC 05

Classified By: Ambassador James F. Moriarty, reasons 1.4 (b/d).

[1](#)1. (C) This is an action request. We seek Washington's concurrence on the steps outlined below.

Summary and Introduction: Re-examining Our Policy in Nepal

[1](#)2. (C) Since assuming control of the government of Nepal last February 1, King Gyanendra has rolled back some authoritarian steps, but has so far largely ignored international pressure. The Monarch and the Maoists both appear to have and be following clear plans, while the political parties act confused and are increasingly boxing themselves into a corner. Post believes that, in response to the deteriorating situation here, the USG needs to focus increasingly on political parties and civil society to bolster democratic forces. In the immediate term, given the stark possibility of a Maoist victory, we need to invigorate efforts to get the King to reach out to the political forces.

One way would be to respond to the Foreign Minister's request for a roadmap (Ref A) by providing him with a list of actions we would expect His Majesty's Government of Nepal (HMGN) to take. In light of the Maoists' resumption of violent methods, it will be critically important to urge the Government of India (GOI) to deny Nepali Maoists use of their territory and to arrest any Nepali Maoists inside India. Given the fundamentally flawed context leading up to the municipal elections, we should focus on where to go after the elections and the continued need for compromise between the legitimate political forces. End Summary and introduction.

The King and the Maoists have Clear Plans

[1](#)3. (C) In the wake of the Maoists ending their four-month cease-fire on January 2, and in the run-up to the municipal elections scheduled for February 8, the Ambassador chaired an

Inter-Agency Working Group meeting to re-examine our policy in Nepal. U.S. policy since February 1 has been based on the premise that the King's steps were detrimental both to addressing the insurgency and to restoring Democracy in Nepal. Our efforts therefore focused on seeking ways to get him to roll back his actions and reach out to the political parties to agree on a way forward. The group agreed that, although the King had reversed some of the restrictions on civil liberties, he had not sought accommodation with the political parties -- and in effect had encouraged them to hop into bed with the Maoists. Gyanendra appeared to be following a roadmap whose principal features include: encouraging political parties loyal to him to participate in the upcoming municipal polls; creating a multi-party government (but including only yes-men); holding parliamentary elections (stacking the cards to ensure a pliant body); and finally having the rubberstamp parliament enact constitutional amendments to strengthen the Monarch's powers.

¶4. (C) The Maoists too are following a clear plan, the group agreed. Despite the promising rhetoric in the 12-point understanding with the Parties, the insurgents have demonstrated and openly reiterated (Ref B) their intention to engage in armed struggle while the political parties engage in unarmed struggle to topple the Monarchy. The Maoists appear to believe that, if such a revolution succeeds, they (as the only armed party left standing) will be able set the parameters for the new government. Cooperation with the political parties will occur only on the Maoist's terms.

While the Political Parties are Confused

¶5. (C) The political parties appear to have capitulated to the Maoist agenda, at least for the time being. Their former demand for the reinstatement of the parliament has been replaced by a call for a constituent assembly (a long-time Maoist demand), and the main parties have abandoned support even for a constitutional monarchy in Nepal. Operating in the countryside at the sufferance of the Maoists, the parties failed to convince the insurgents to extend their cease-fire and have remained largely silent regarding the Maoists' decision to return to violent methods. With their aging leadership, questionable internal procedures and corrupt reputations, the Parties lack broad popular support. Privately and sometimes publicly, some of the leaders have voiced their hope that if the King agreed to postpone the municipal elections, space for Palace-Parties negotiations might open up.

Long-term Efforts to Bolster Democracy

¶6. (C) The group agreed that the USG should continue and intensify work with Nepal's political parties and civil society to increase the chances for Democracy to grow and prosper. While efforts to promote rule of law, transparency, political party democracy, electoral processes, societal inclusion etc. are critically important, the consensus was that to address the current, rapidly deteriorating situation, more immediate steps needed to be taken.

Actions to Recommend to HMGN

¶7. (S/NF) Cognizant of HMGN's tendency to select only certain actions of a recommended list, and the King's dislike of a "roadmap," the group agreed that it would be a good idea to provide Foreign Minister Pandey with steps for HMGN to take in the short-term before possibly providing a more comprehensive blueprint for the future of Nepal-U.S. relations. (Note: Pandey had asked for such a blueprint in a January 5 meeting with the Ambassador.) The group believed that any proposals should build on the concepts contained in the President's December letter to King Gyanendra (Ref C). With respect to timing, we agreed that we should ask that

HMGN act on these recommendations before PACOM Admiral Fallon's early February visit. Our suggested actions include:

- Postpone municipal elections for a month and initiate dialogue with the political parties to reach a consensus on the way back to democracy.
- Call for a negotiated cease-fire and ask for international monitors.
- Dissolve the Royal Commission to Control Corruption (RCCC, widely criticized as an extra-constitutional body) and release former PM Deuba.

Working with the GOI

¶8. (S/NF) The group agreed that we should discuss the above actions with the GOI and suggest that they make parallel approaches to HMGN. There was also consensus that, given the Maoists' open espousal of violent methods, it would be important to urge the GOI to arrest senior Maoist leaders if and when they travel to India. (Note: The GOI at a minimum tolerated and probably enabled/engineered repeated contacts between senior Maoist leaders and Nepali political party leaders in New Delhi and other places in India during the last quarter of 2005.)

¶9. (S/NF) If HMGN does not react positively to our suggested steps, the group believes the U.S. should consider taking advantage of President Bush's visit to New Delhi to work with the GOI on a joint President-PM Singh expression of concern about Nepal and the need to return to democracy.

Stance on Municipal Elections

¶10. (C) By failing to make any effort to bring the major political parties into the February 8 municipal elections, HMGN has compromised those polls. The fundamental context of the elections (i.e., the concentration of administrative power among royal appointees and the boycott by the seven-party alliance, which held more than 90 percent of the seats after the last parliamentary election), is so flawed that even if the election processes were impeccably transparent, the elections could not be deemed free and fair. The group was disinclined to join with other members of the international community to observe the elections, but instead proposed remaining focused on encouraging the legitimate political forces to compromise and seek agreement on a democratic way forward.

Comment

¶11. (C) Conditions here remain in flux; the degree to which the Maoists engage in violence in the coming weeks will be a key variable. If any of the efforts suggested above bear fruit, or if the February 8 elections come off more or less according to the King's plan, we will have to reevaluate where Nepal is headed and the most effective policy response to the rapidly evolving situation here.
MORIARTY